



## PENDER PROPERTY INVESTOR UPDATE NO. 18 /2021

April 30, 2021

We are pleased to announce that after opening approximately 15 months ago, our occupancy level is currently 51% for main level “walk-in” lockers. This level of occupancy meets our expectations.

That said, due to challenging COVID-19 restrictions in 2020 and spring 2021, and with a view to ensuring strong lease-up and occupancy levels, we proactively implemented incentive programs to, due to the difficult COVID market conditions, attract tenants into what was an empty, new, self-storage building.

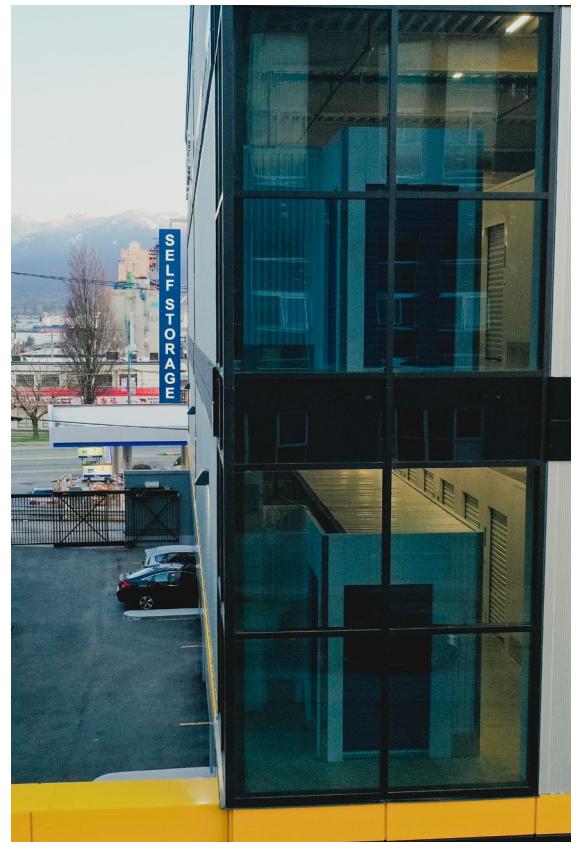
Modelled from our Operations Directors’ (Chedwick Schultz aka the “Lease-up King”) 20+ years’ experience in opening and leasing-up self-storage buildings, we offered new tenants BOGO (Buy One, Get One) for 1 month all the way up to 6 month terms.

As Mr. Schultz advised, these BOGO programs will, in the short term, defer revenue but in the long term accelerate the lease-up rates and the revenue realized. This approach proved to work well. Case in point, we recently secret shopped 2 nearby self-storage competitors who informed us that it has been slow for them and they have been averaging only 1 new tenant per week in the past year, (i.e. during COVID) whereas with our BOGO offers we have been averaging 4-6 new tenants.

There are of course benefits and drawbacks to such incentive programs. The drawback being that revenues have been deferred i.e. we have only been getting half of the revenues during the BOGO term, but the benefit is that many tenants end up staying much longer than anticipated and so at the end of the day, when all of the BOGO incentives expire, we will start realizing the positive impact of stronger occupancy levels paying full board rates which equate to long-term accelerated revenues levels.

Now that we have strong traction in the market and 97 very positive Google reviews averaging 4.9 stars, we are getting organic demand and as such, have reduced the BOGO incentives to a maximum term of 2 months down from a maximum term of 6 months. Now with many of the BOGO incentive terms from last year expiring and the new reduced BOGO term offers, we expect to see our revenue levels will start catching up with our true occupancy levels over the next several months.

In Q1, which is usually the slowest quarter in the self-storage industry and with the BOGO offers still in place, Pender has averaged a steady growth of 30+ rentals per month with an occupancy growth of 2.6% each month.



Additionally, we have implemented our 1<sup>st</sup> rental rate increase for any new tenants or tenants that have occupied units for more than 9 months by 13%.

We are currently awaiting Building Permit approval from the City of Vancouver to begin installation of the sky lockers which, if approved will prove to be beneficial as it will give clients more storage options.

We anticipate that by year-end we should be near 70% occupancy with 50% of the 70% paying full board rates as the BOGO offer terms expire and tenants transition to full pay. We also anticipate the commencement of dividends in Q4 if we are successful in maintaining our current lease-up rates.

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